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Message Text

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PAGE 01 CAIRO 09316 040950Z
ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01
INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06
SP-02 EPG-02 OMB-01 NSC-05 SS-15 STR-04 CEA-01
/086 W
----------040953Z 070747 /13
R 031327Z JUN 77
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 5763

UNCLAS CAIRO 9316

E.O. 11652: N/A
TAGS: ECON, EGEN
SUBJECT: GOE RAISES PRICE OF SUBSIDIZED MEDICINES

1. JUNE 1 "AL AKHBAR" ANNOUNCED MINHEALTH DECISION TO RAISE PRICE OF LOCALLY-PRODUCED MEDICINES BY 30 PERCENT. PRICE INCREASES WENT INTO EFFECT MAY 31 AND COVER ALL LOCALLY-MANUFACTURED MEDICINES, WITH EXCEPTION THOSE USED FOR TREATMENT OF HEART OF HEART DISEASES, DIABETES AND RHEUMATISM. (UNAFFECTED ALSO ARE POWDERED MILK AND BIRTH CONTROL PILLS.) PRESS NOTES MEDICINE PRICES HAVE BEEN KEPT AT 1960 LWEVEL THROUGH HEAVY GOE SUBSIDIES. ARTIFICALLY-LOW PRICES REPORTEDLY ENCOURAGED SMUGGLING OF EGYPTIAN MEDICINES ABROAD FOR RESALE. PRICE RISE WILL MAKE SMUGGLING LESS PROFITABLE, THEREBY ENSURING MORE MEDICINES AVAILABLE FOR LOCAL CONSUMPTION.

2. MINHEALTH BADRAN CONTINUED SAME THEME IN JUNE 2 "AL AKHBAR" ARTICLE. ACCORDING TO BADRAN, VALUE OF EGYPTIAN MEDICINE PRODUCTION WAS LE 136 MILLION (PRESUMABLY IN 1976), OF WHICH LE 30 MILLION HAD BEEN SIPHONED OFF THROUGH SMUGGLING ABROAD. BADRAN POINTED OUT THAT ACTUAL EFFECT OF 30 PERCENT INCREASE ON CONSUMERS WILL BE MINIMAL, AS 85 PERCENT OF ALL MEDICINE COSTS UNDER 50 PIASTERS AND
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250 BRANDS OF MOST IMPORTANT MEDICINES ARE EXEMPT FROM PRICE RISE. IN CONSTRAST, SAVINGS TO GOE WILL BE CONSIDERABLE, ACCORDING TO MINEHALTH. PRIOR TO DECISION TO INCREASE PRICES, GOE SUBSIDY FOR MEDICINES TOTALLED LE 42 MILLION PER YEAR, WHICH WILL NOW BE CUT TO LE 18 MILLION. SAVINGS REPORTEDLY WILL BE USED TO IMPROVE HEALTH SERVICES, CONSTRUCT RURAL MEDICAL UNITS, ADD BEDS TO

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EXISTING HOSPITALS AND TO PURCHASE NEW AMBULANCES.

3. COMMENT. DESPITE ABRUPT ANNOUNCEMENT OF PRICE INCREASE,
THERE HAS BEEN LITTLE OR NO OBSERVABLE REACTION. WHILE
GOE SUBSIDY OF MEDICINAL COSTS HAS NOWHERE NEAR SAME IMPACT
ON ECONOMY AS FOOD SUBSIDIES, IT IS NOTEWORTHY THAT GOE
EVIDENTLY IS TACKLING SENSITIVE SUBSIDY ISSUE, EVEN
IN THIS LIMITED WAY.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DRUGS, MEDICAL CARE, PRICES, SUBSIDIES
Control Number: n/a
Copy: SINGLE
Sent Date: 03-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
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Document Source: CORE
Document Unique ID: 00
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Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
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Format: TEL
From: CAIRO
Handling Restrictions: n/a
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Line Count: 71
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Message ID: a76dc785-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 20-Oct-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2293874
Secure: OPEN
Status: NATIVE
Subject: GOE RAISES PRICE OF SUBSIDIZED MEDICINES
TAGS: ECON, EGEN, TBIO, EFIN, EG
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/a76dc785-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
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US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009